Toscano from Davis Polk. 2 JUDGE SIPPEL: Okay, go ahead. 3 Yes, sir. You first, and then you second. 4 MR. MILLS: I'm sorry. With 5 respect to that, I don't agree with that at 6 all, because the written direct testimony is 7 going to be carefully tailored just to the 8 direct case that that witness is presenting. 9 It doesn't reveal anything that you would get 10 in discovery, even in document discovery, that 11 you would want for cross examination on many, 12 many issues, so I don't think that filing pre-13 filed direct testimony obviates the need for 14 discovery. I don't think that makes any 15 sense. 16 JUDGE SIPPEL: And? 17 MR. TOSCANO: Also, Your Honor, 18 David Toscano of Davis Polk on behalf of 19 We're also litigating against the Comcast. 20 NFL, as you know, in New York State Court on 21 related issues. And we have found through 22 discovery obviously that the discovery we have

1	gotten has significantly undermined the
2	litigation positions that the NFL has taken in
3	the case. And without access to that
4	discovery, we wouldn't be able to do that. So
5	to say that the only purpose of discovery is
6	to allow cross examination, that would be
7	obviated by seeing declarations in advance
8	does not go to one of the central purposes for
9	which we need discovery.
10	JUDGE SIPPEL: Why did you say you
11	need discovery? You've got a case going on up
12	in New York State. It's already been up to
13	the Court of Appeals there.
14	MR. TOSCANO: To the First
15	Department, which is the intermediate
16	Appellate Court.
17	JUDGE SIPPEL: Okay.
18	MR. TOSCANO: And in that case -
19	JUDGE SIPPEL: But you got a lot
20	of discovery before it got up there, didn't
21	you?
22	MR. TOSCANO: We did not. That

was actually done on a summary judgment motion that was principally on the plain meaning of the parties carriage agreement. And after it came back down from the intermediate court for factual discovery as to the parties' intent to that carriage agreement. And what I'm saying is that the discovery we have gotten has shown, has undermined the NFL's litigation position. And if we were to go into a hearing without that discovery and just an opportunity to cross examine the witnesses based on direct testimony, that would not have occurred.

MR. LEVY: Your Honor, if I may. Obviously, I disagree with Mr. Toscano's characterization, but let's focus on what the issues are in this case. The issue in this case is -- take the NFL-Comcast case, is whether Comcast has discriminated against the NFL network, and thereby undermined its ability to compete in the marketplace. And, if so, what the remedy should be. That has nothing to do with the question of what the

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parties' intent was in entering into a carriage agreement.

The facts, as we suggest, are very straightforward. They were to a large extent reflected in the material submitted with our complaint. And either Comcast is providing carriage on a differential tier to similarly situated networks, networks that it owns and the NFL Network, or it's not. That's the And as far as the bases upon which issue. competition, the NFL Network's ability to compete has been diminished, we've articulated that and offered evidence in support of that with our verified statements. And Comcast is in a position to cross examine if it takes issue with those conclusions. But the notion of opening this up to broad discovery, and the suggestion that that will somehow undermine our litigation position doesn't make any sense, given the issues that the Commission has to address here.

JUDGE SIPPEL: Wait just a second

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1 Did they finally -- did the court make now. 2 a final decision with respect to what the -3 MR. LEVY: The court found that 4 the contract was ambiguous, and it remanded 5 for discovery, and if necessary, a jury trial 6 on the issue of what the parties' intent was. 7 JUDGE SIPPEL: Sounds like there's 8 an issue there some place then. 9 MR. LEVY: Well, there is an issue 10 there as far as the interpretation of the 11 contract, but our position is that regardless 12 of how the contract is interpreted, Comcast is still obligated to comply with the statute 13 which prohibits discrimination by vertically 14 15 integrated companies. The Media Bureau 16 endorsed that conclusion in its hearing 17 designation order, and we believe that that is 18 really the ultimate issue for resolution in 19 this dispute. 20 JUDGE SIPPEL: And the reason that 21 it was set down for hearing was because it

couldn't be resolved.

1	MR. LEVY: In this case?
2	JUDGE SIPPEL: In this case, yes.
3	MR. LEVY: The reason that it was
4	- we don't know the reason that it was sent
5	down for hearing, because the Media Bureau did
6	not identify the factual issues that it
7	concluded prevented it from resolving the
8	issues before it. It found that there had
9	been a prima facie showing, but it didn't
10	identify the factual issues as to which there
11	was a dispute.
12	JUDGE SIPPEL: Any possibility you
13	could stipulate the factual issues?
14	MR. LEVY: As to what the factual
15	issues are?
16	JUDGE SIPPEL: Yes. That seems to
17	be what's holding things up.
18	MR. LEVY: As long as it didn't
19	hold things up, we'd be willing to make an
20	effort. But, frankly, I suspect that it's not
21	likely that we are going to be able to
22	stipulate what the factual issues are, the

factual disputes are.

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JUDGE SIPPEL: Well, and yet you're saying that we don't need discovery, and we can right into cross examination. the one that's at the disadvantage on this, because I don't have all the history in this case that you all have. But it sounds to me like -- I don't mean to say that I want to open the doors for unlimited discovery, but certainly depositions have to be taken of witnesses. The feel that I'm getting here is that credibility is going be very important, and it seems the best way to start with that is to take a witness' deposition. Certainly, if you're going to -- and I got in somebody's, maybe it was Mr. Solomon's, one of your briefs that you're expecting expert testimony. Usually if one side expects expert testimony, the other side is going to put on expert testimony, so the only way you can find out what an expert is going to say, and you're lucky even then, but you have to take the

person's deposition.

MR. LEVY: Your Honor, let's put the expert aside for a minute.

JUDGE SIPPEL: Good.

MR. LEVY: But on the fact witnesses themselves, if the proposal is that we'll submit their testimony in advance, that there will be a declaration or a verified statement, or whatever format the Commission's rules require, there's no need for deposition because there's no mystery about what the witness is going to testify to, what he's going to say.

MR. SOLOMON: Your Honor, I don't think it's just an issue of what he's going to say within the confines of his direct case, but, in general, cross examination is going to be more efficient if there's been a deposition, so we don't have to use cross examination to sort of ask every potential question to challenge what they're talking about. It will help focus the hearing if, in

1 essence, there's already been a deposition so 2 that we know what we want to challenge. We 3 can move to that challenge based on the 4 depositions and the documents, and the hearing 5 can be run more efficiently. 6 JUDGE SIPPEL: Now, do I take this 7 - maybe I'm a little bit ahead of myself. 8 There has been no deposing yet. There has 9 been no deposing. Is that correct? 10 MR. SOLOMON: That's right. 11 MR. COHEN: Nor any exchange of 12 document discovery, Your Honor. 13 MR. FREDERICK: But, Your Honor, 14 again go back to what the issues are. 15 they're going to take depositions that the 16 Mid-Atlantic Sports Network, a similarly 17 situated Comcast Sports Net Mid-Atlantic, 18 which competed over the same programming for 19 the Washington Nationals, I don't even think 20 Comcast can come in here and with a straight 21 face dispute that they are both similarly

situated networks. There's no credibility

issue involved in that, whatsoever. So, really, the issue that is before you, in our judgment, for which there needs to be any discovery or any additional evidence, is on the remedy as to whether MASN's rate is a proper market-based rate in comparison to what other RSNs charge. There is no evidence on that in the record, and that's not really a credibility issue. It's an issue of whether or not a rate is one that is perceived in the marketplace as a reasonable rate.

MR. SOLOMON: Your Honor, while I understand why MASN would want to say the only issue is the remedy in the case, the fact is there are many more issues that designated by the Bureau, and there credibility issues and factual disputes on many more issues. I'm not conceding that there aren't factual disputes on what he was referring to, but if you start looking at -a major part of their argument has to do with contract negotiations, and the parties have

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different views on what went on in those contract negotiations, and what were the meaning. There are credibility issues about that. And if you go directly to the hearing and have to start asking every conceivable question on cross examination of every witness, you're ending up with a much more inefficient hearing.

Obviously, they're going to have

Obviously, they're going to have direct testimony, whether it's written or oral, it's going to focus on the portion of the facts that help their case. But if you haven't had discovery, you don't know anything about the other portions to do effective cross.

MR. FREDERICK: Your Honor, the issue about contract negotiations in our case was as a defense, and the Media Bureau rejected Comcast's defense on the ground that the contract displaced the arguments of discrimination that we were making.

JUDGE SIPPEL: Say that again,

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1 that discrimination -2 MR. FREDERICK: They raised the 3 contract as a defense to our claim 4 discrimination, and the Media Bureau rejected 5 their contract arguments as a defense. 6 JUDGE SIPPEL: The meaning of the 7 contract? 8 MR. FREDERICK: Yes, the relevance 9 of the contract, because the discrimination 10 occurred after the contract had been entered 11 into. 12 MR. SOLOMON: Your Honor, without giving away the details of the theory of our 13 14 case at this point, but what went on in the contract negotiations separate and apart from 15 16 the decisions on the Statute of Limitations 17 that the Media Bureau made certain conclusions 18 on really still is central to the issue before the Commission. And if you decide at the 19 20 beginning that we're not going to be in a

position to challenge what they've said, even

if you assume it originally was a defense,

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it's relevant to the facts what went on. Trying to find out what Comcast had in mind, what. are the reasons, what justifications that Comcast used for having contractual arrangements in the same way that MASN wanted them. The contract is extremely relevant, and what their witnesses, as well as our witnesses remember about the contract negotiations, and what the contract was intended to do is important to the case. I understand they may argue that it's not, but that's what a hearing is for.

JUDGE SIPPEL: Is there any application -- I mean, do they still use the parole evidence rule in contracts, or is that -- what's all this worrying about what a contract means at this stage of the game?

MR. LEVY: Your Honor, this isn't directly responsive to your question, but I would invite your attention to Paragraph 72 of the Hearing Designation Order, which deals with the issue of the Comcast-NFL Network

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dispute. And there the Media Bureau said,

"Whether or not Comcast had the right to retier the NFL Network pursuant to a private agreement is not relevant to the issue of whether doing so violated Section 616 of the Act and the program carriage rules."

In other words, the Media Bureau reached the conclusion that whatever the contractual relationship is between the parties doesn't affect the outcome of the discrimination claim. And that undermines the need for any discovery, or any testimony on that and on the meaning of issue, contract. We've got plenty of that going on in the New York State court, but that doesn't affect the issues presented here. And I think that if you review Paragraph 72 of that order, you'll reach the same conclusion.

MR. SOLOMON: Your Honor, this back and forth may underscore the point made previously of whether there's some value sort of conceptually of figuring things out one

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case at a time, because it does get difficult 1 in responding to Mr. Frederick's argument 2 3 about discovery in MASN, and we're talking about the NFL at the same time. 4 5 JUDGE SIPPEL: Well, I hear you. 6 Yes, sir? Mr. Beckner. 7 MR. BECKNER: Yes. Judge Sippel, 8 seem to -- we be -- apart 9 conflating three cases, which everybody has 10 talked about, we're also conflating, I think, 11 three questions. One, shall there be prefiled written direct or not. Two, shall there 12 be discovery of fact witnesses. And, three, 13 14 shall there be any discovery at all. 15 think we might make progress if we sort of 16 take it in baby steps. And the first question being shall there be any discovery at all, and 17 18 just look at document requests. Shall there 19 be document requests? 20 JUDGE SIPPEL: Well, Ι think 21 that's an excellent point, but I was just

getting -

1 MR. BECKNER: And I would like to 2 speak in favor of document requests, whether 3 there's pre-filed direct or otherwise, because 4 the documents that you get from a party are 5 often one of the principal means that you use 6 to develop cross examination. It's not just 7 simply a matter of knowing what the witness is going to say, it's also knowing the context, the factual context in which he says it. Presumably, these networks have files of emails and correspondence that they've had not only with our clients, but with other cable networks for whom they've sought to get carriage agreements, which they may or may not have gotten those agreements. certainly goes to the question of impairment. Ι mean, again, hypothetically, if the perception in the whole distribution industry is that a particular program channel is just not attractive, that

again, I'm not talking about -- I'm not in the

the question of impairment. And,

goes to

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sports cases, so I -- I know it's difficult to argue that sports programming is not attractive, and so it seems to me that if we could at least resolve the question of whether or not there's going to be document discovery in all the cases, and we put extra witness discovery aside, because I think -- I would hope that everyone agrees that intelligent trial presentation and cross examination of experts just about requires discovery, and deposition of the experts in advance. maybe we can just isolate this other issue that we seem to be talking about.

JUDGE SIPPEL: Well, that's very good comment. I was just getting intrigued with this discussion here. It seems to me that this side of the table, or this side of the room wants to fully litigate the case, and the NFL side of the that's table. geographically speaking, doesn't want it. I don't know what you're looking for. You looking for something short of

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decision, and I don't have to figure out what anything means, except find out whether or not there's been discrimination with respect to how this has been -- the deal is structured, I guess you'd say. And then what the remedy might be.

MR. LEVY: In our view, that's all there is, Your Honor. There is a separate

MR. LEVY: In our view, that's all there is, Your Honor. There is a separate issue about whether or not Comcast put pressure on the NFL network, but in terms of the core section 616 claim, has there been discrimination between two similarly situated networks? Yes or no? If the answer is yes, then there's the question of the remedy. It doesn't turn on the parties' intent, the parties' dealings elsewhere.

JUDGE SIPPEL: Finish, go ahead.

MR. LEVY: I mean, in our view, it's a relatively straightforward question. And to be quite blunt, we don't anticipate offering much evidence on the violation issue beyond that which accompanied our complaint.

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Not only do we think that that satisfied our facie burden, prima but we think that satisfied our burden of showing preponderance. We do recognize that we need to submit evidence dealing with the remedy issue, and we're prepared to move forward on the expeditiously. But we think this is a relatively straightforward, streamlined proceeding. And I suspect - I don't mean to speak for the Media Bureau here, because I can't - but when they entered the Hearing Designation Order, and directed the ALJ to come to a recommended decision within 60 days, I suspect that they felt the same way.

JUDGE SIPPEL: I don't think there's any bad faith involved here. But the only thing is that -- I'm citing to Judge Steinberg now, but that's -- for me, that's the rule of the case, unless I'm directed to do otherwise by a higher authority. And it's a de novo case. That's the difference between no hearing and a hearing. That doesn't mean --

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1	- now, I don't mean to don't jump ahead of
2	me now. That doesn't mean that I want to go
3	down and drag this whole thing out going back
4	to day one, but it does mean that there has to
5	be consideration to allowing people to put
6	their cases on, the parties. I'm sorry. Yes,
7	ma'am.
8	MS. WALLMAN: Your Honor,
9	excepting that we're here to resolve factual
10	issues. I affiliate myself with Mr. Levy's
11	comments. WealthTV believes similarly we've
12	got a pretty straightforward case here.
13	JUDGE SIPPEL: Yes.
14	MS. WALLMAN: Obviously, we want
15	to do what will aid your decision making, your
16	consideration of the case. We're very happy
17	to put our direct case in on documents and
18	declarations.
19	JUDGE SIPPEL: All right.
20	MS. WALLMAN: What I'm concerned
21	about is the kind of discovery of the
22	dimension that Mr. Beckner has referred to in

1	general terms. I'm concerned that a process
2	that's very large, and very unwieldy is going
3	to be very difficult for WealthTV to manage,
4	and I recognize that we're the Complainant
5	here, but we've done our best to put before
6	this administrative court a case that we think
7	can be considered expeditiously.
8	JUDGE SIPPEL: All right. Well, I
9	hear that argument, too. It's a good
10	argument. I'm saying this, let me just make -
11	- my thinking is this, if your cases are so
12	cold-cocked, so to speak, why not just put
13	your cases in and rest? And if then they
14	could put their cases on, and the way that
15	they want to put it on, decision gets made,
16	and one way or the other somebody is going to
17	be right, and somebody is going to be wrong.
18	MR. LEVY: That's essentially what
19	we're proposing to do, Your Honor.
20	JUDGE SIPPEL: You can do that, if
21	you want.
	<u> </u>

MR. LEVY:

That's essentially what

1	we're proposing to do.
2	MR. SOLOMON: The idea would be
3	they don't have to take discovery because they
4	don't think it's necessary for their case, but
5	if we think it's necessary for our's, we would
6	proceed. We're comfortable with that.
7	JUDGE SIPPEL: Yes. But, I mean,
8	the I'm sorry. Go ahead, finish up, sir.
9	MR. SOLOMON: I was just going to
10	say that obviously would save time if there
11	was half the discovery, if they didn't feel
12	discovery was necessary.
13	MS. WALLMAN: Let it be clear, I'm
14	not waiving discovery. If we're going to be
15	on the receiving end, it may be that we need
16	to be on the giving end.
17	JUDGE SIPPEL: I hear you, and I'm
18	not I still I mean, I think that this
19	has moved the progress of the case up a notch,
20	but I'm hearing you. I don't think anybody
21	ever waives discovery forever, and ever, and

ever.

MR. COHEN: Your Honor, if we're talking about discovery, just so we're clear from the Wealth defendants, we're not talking about the IBM case. We're talking about targeted document discovery.

JUDGE SIPPEL: Which IBM case?

MR. COHEN: The one that took 20 years. We're talking about limited document discovery. We're prepared to live with a limited number, we're prepared to complete it within 30 days or so. I think that we are prepared to live with expert depositions. We're prepared to think about not taking fact depositions. I think we can do that, but that will still take a few months. And the fact of the matter is, without those documents, the case - at least the non-NFL, and non-MASN case is not so straightforward. There is no carriage agreement, and the question as to why lots of other MSOs, "cable providers", cable systems, and satellite providers do not carry Wealth when they are not affiliated with any

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networks about which they're complaining is a directly centrally relevant question. We need to get documents relating to those negotiations so we can cross examine their witnesses.

Now, we're entitled to that. We could do the document discovery expeditiously. We need to work out a protective order. There have been drafts exchanged, there have been comments exchanged. We can get document discovery out in a week or ten days. We can finish that in a month or so. We can do a limited amount of expert depositions, and move the case along. We're not talking about six or eight months of discovery, but we're not talking about ten days, and it shouldn't be a bum's rush.

If they're going to come forward and try to prove their case, we should get the relevant documents in which we can use, as Mr. Solomon has said several times, to cross examine their witnesses. With all due

respect, canned direct is not the four corners of a case. And if somebody wants to put in a written direct, let it be challenged by their own documents, and we'll see how it holds up on cross examination. And to move this along, to forego fact depositions, we would forego fact depositions, but it will still take some number of months to finish that.

March 1 - you asked a long time ago for a date. March 1, to answer the Court's first question. I think we could complete that by the end of February, early March.

MR. SOLOMON: Your Honor, we would -- we're comfortable with that approach, with one caveat, that we do think there's need for fact depositions, particularly in the NFL and MASN cases where there's lots of issues about what went on with negotiations. So we would tend to think of April 1<sup>st</sup> more than March 1<sup>st</sup>, so that there could be an opportunity for at least some fact depositions. And, again, if